

OPEN MEETING AGENDA ITEM



0000153024

John E. Dougherty
PO Box 501
Rimrock, AZ 86335
Complainant & Intervenor

ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP-Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

Arizona Corporation Commission

DOCKETED

APR 25 2014

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER COMPANY,
LLC FOR APPROVAL OF FINANCING TO
INSTALL A WATER LINE FROM THE WELL ON
TIEMAN TO WELL NO. 1 ON TOWERS

W-04254A-12-0204

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER COMPANY,
LLC FOR APPROVAL OF FINANCING TO
PURCHASE THE WELL NO. 4 SITE AND THE
COMPANY VEHICLE.

W-04254A-12-0205

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER COMPANY,
LLC FOR APPROVAL OF FINANCING FOR AN
8,000-GALLON HYDRO-PNEUMATIC TANK

W-04254A-12-0206

IN THE MATTER OF THE RATE
APPLICATION OF MONTEZUMA RIMROCK
WATER COMPANY, LLC.

W-04254A-12-0207

JOHN E. DOUGHERTY,
COMPLAINANT,
V.
MONTEZUMA RIMROCK WATER
COMPANY, LLC,
RESPONDENT.

W-04254A-11-0323

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CORPORATION COMMISSION
DOCKET CONTROL

1 IN THE MATTER OF THE APPLICATION OF
2 MONTEZUMA RIMROCK WATER
3 COMPANY, LLC FOR APPROVAL OF A
4 RATE INCREASE.

W-04254A-08-0361

5
6 IN THE MATTER OF THE APPLICATION OF
7 MONTEZUMA RIMROCK WATER
8 COMPANY, LLC FOR APPROVAL OF A
9 FINANCING APPLICATION

W-04254A-08-0362

10
11 **Ms. Olsen's Statements in**
12 **Newspaper Articles/Yavapai**
13 **County Development Services**
14 **Memo on Water Well Code**
15 **Violation**
16

17
18 Complainant/Intervenor attaches the following Exhibits as informational items.

19
20 Exhibit 1: Patricia Olsen, Commentary, *Camp Verde Bugle*, April 22, 2014.

21
22 Exhibit 2: "Embattled Water Company Seeks Use Permit from County," *Camp Verde*
23 *Bugle*, April 19, 2014.

24
25 Exhibit 3: Yavapai County Development Services, RE: Montezuma Rimrock Water
26 Company, April 15, 2014.

27
28 RESPECTFULLY SUBMITTED this 25th Day of April, 2014

29
30 

31
32
33 By John E. Dougherty
34 Complainant/Intervenor

35
36 An original and 13 copies of the foregoing was filed
37 this 25th day of April, 2014, with:

38
39 Docket Control
40 Arizona Corporation Commission
41 1200 West Washington Street
42 Phoenix, Arizona 85007
43
44
45
46

1 A copy of the foregoing was hand delivered/mailed/emailed
2 this 25th Day of April, 2014 to:

3
4 Sarah N. Harpring
5 Administrative Law Judge
6 Arizona Corporation Commission
7 1200 W. Washington
8 Phoenix, Arizona 85007
9

Brian Bozzo
Utilities Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

10 Wes Van Cleve/Charles Hains
11 Legal Division
12 Arizona Corporation Commission
13 1200 W. Washington
14 Phoenix, Arizona 85007
15

Patricia Olsen
MRWC
3031 E. Beaver Creek Rd.
Rimrock, AZ 86335

16 Steve Olea
17 Utilities Division
18 Arizona Corporation Commission
19 1200 W. Washington
20 Phoenix, Arizona 85007
21
22
23

Todd Wiley
Fennemore Craig
2394 E. Camelback Rd.
Phoenix, AZ 85016

Exhibit 1**The BUGLE**

Tuesday, April 22, 2014

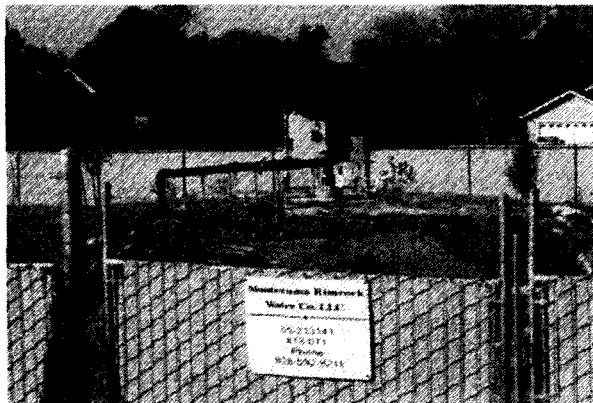
Commentary: Clearing up the facts on MRWCPatricia Olsen
My Turn

Tuesday, April 22, 2014

MRWC finds it necessary to speak regarding the unfactual accusations made by John Dougherty.

The Arizona Corporation Commission (ACC) delegates to MRWC when it shall file for its rate cases. ACC Staff determines the rates and amounts.

Customers will not incur an increase of up to \$46.64 regarding well No. 4. When ACC determines MRWC's next rate case, the increase for the arsenic treatment facility will by then most likely be paid-in-full. Therefore the customers will no longer bear this burden. The cost of drilling Well No. 4 is not included in any rate case. The cost of drilling Well No. 4 has been paid in full.

**Quote**

"MRWC did not provide false and misleading information. The Judge makes several unsubstantiated statements."

--Patricia Olsen

Yavapai County conducted a field inspection to determine the septic distances from Well No. 4. The two septs met the 100-foot state required setback. MRWC's engineer determined that the third adjacent septic met the 100-foot setback.

MRWC charged two arsenic surcharges. ACC Staff instructed MRWC to refund one of the surcharges.

During permit processing for wells, well drillers act as agents for the applicant by submitting plans and applications. MRWC believes the well driller did their due diligence in the permitting process.

MRWC approached the adjoining property owner of Well No. 4 to purchase the easement to meet the setback requirement. An appraisal was conducted by MRWC. MRWC and the owner came to an agreement.

An abstract regarding the USGS report can be fully read at <http://www.nature.nps.gov/water/Homepage/MontezumaWell.cfm> referring to the isolated source of water supplying Montezuma

Well.

MRWC believes an aquitard exists protecting Beaver Creek from Well No. 4. Depth to water at well No. 4 is ~90 feet. Solid casing is installed to a depth of 120 feet bls.

An EIS could cost as much as \$200,000 or more, take up to two years to conduct and be paid by MRWC customers. Due to time constraints, imposed by Arizona Department of Environmental Quality, MRWC had no choice but to seek private financing to fund the Arsenic Treatment System.

MRWC did not provide false and misleading information. The Judge makes several unsubstantiated statements.

On one hand during the ACC hearings, Dougherty was asked directly, "Would you rather have the company comply with procedural orders and not install an arsenic treatment facility?" Dougherty's reply, "Absolutely." Dougherty was asked, "If the Commission ultimately denies the financing application of the water company how does that benefit the customers?" Dougherty's response, "It benefits the customers because the end result, the end result of denying those financing applications, would require the company to come up with another financing plan that is approved properly, and not within the context of the rate case. Because what the Commission is doing is shifting this from the docket that we were in, to the rate case docket. All right? Ultimately denial of the two leases, as the company said in direct testimony, would financially cripple the company. And that could force the sale of the company, one level. The company would possibly sell it."

On the other hand during ACC proceedings, Dougherty himself pleads for fire protection by stating, "And meanwhile, the customers up there are the ones who are suffering and non-customers because we have inadequate fire protection that is threatening everybody.... We have inadequate fire protection, which the company admits...." So which side is he on? The side that suits his agenda.

Patricia Olsen is the president of the Montezuma Rimrock Water Company LLC.

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- [Commentary: County should not grant use permit to Montezuma Rimrock Water Company](#)
- [Embattled water company seeks use permit from county](#)
- [Controversial Verde Valley projects face county P&Z](#)

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Exhibit 2

The BUGLE

Saturday, April 19, 2014

Embattled water company seeks use permit from county

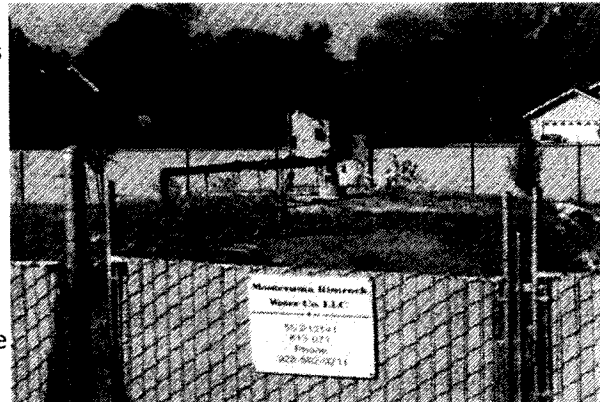
Bill Helm

Staff Reporter

Saturday, April 19, 2014

RIMROCK - Recent recommendations to the Montezuma Rimrock Water Company regarding its pursuit of an arsenic treatment facility and subsequent rate increase have questioned the credibility of company president Patsy Olsen.

On April 23, Olsen will ask the Yavapai County Planning and Zoning Commission to approve MRWC's request for a use permit to operate Well No. 4. Olsen says attempts to discredit her, mostly from Rimrock resident John Dougherty, are "out of hatred."



"I work really hard at my water company," Olsen says. "I take care of my customers the best way I can."

Montezuma Rimrock Water Company

Olsen says all she asks of the P&Z Commission is to "be fair" with her.

"They should acknowledge the fact that I've been doing this hard work to provide safe drinking water," Olsen says. "The health, safety and welfare of my customers come first. As a certified operator, that's where I'm supposed to stand. If I were doing something wrong, I'm knowledgeable enough to say that I need somebody to come in to help."

On March 26, Sarah Harpring, administrative law judge to the Arizona Corporation Commission (ACC), filed the Recommended Opinion and Order (ROO). According to page 133 of the ROO, Harpring states that MRWC "filed false or misleading information with the Commission ... when it filed invalid lease documents and made false or misleading statements presented as fact ..."

Dougherty says that Olsen's actions have been "clearly done willingly, knowingly and for an extended period of time. I am cautiously optimistic that the commission will make a referral that will lead to fundamental changes with MRWC."

MRWC "does not believe that the ROO correctly and fairly applies the testimony and evidence presented at hearing in this matter on the issues and findings noted," attorney Todd Wiley of the Fennemore Craig Law Firm stated in MRWC's filed exceptions to the ROO.

The document also states that the ROO "violates general notions of due process and fairness by

adopting rates using methodology that was not presented in any witness testimony in the case. MRWC respectfully requests that the Commission take an objective and fair look at the underlying evidence and testimony and adopt the exceptions.."

Olsen will again appear in front of the ACC on May 12. Dougherty says that the commission "has a duty to back the ratepayers."

Says Rimrock resident and MRWC customer Rose Mary Barnes, Olsen is "regulated by all these agencies. If they didn't have a problem with her, then what is the problem?"

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Related Stories:

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Yavapai County Development Services

Prescott Office

1120 Commerce Drive, Prescott, AZ 86305
(928) 771-3214 Fax: (928) 771-3432



Cottonwood Office

10 S. 6th Street, Cottonwood, AZ 86326
(928) 639-8151 Fax: (928) 639-8153

Addressing – Building Safety – Customer Service & Permitting – Environmental – Land Use – Planning

To: Kristy Kennedy
Planner

From: Suzanne Ehrlich, RS/REHS
Senior Environmental Health Specialist

Date: April 15, 2014

Re: Montezuma Rimrock Water Company, APN 405-25-217

On July 14, 2006, the Environmental Unit (EU) reviewed and approved the location of a new well on Assessor's Parcel Number 405-25-417 in accordance with Arizona Revised Statutes 45-596 (F) and (G) and forwarded the Arizona Department of Water Resources (ADWR) Notice of Intent (NOI) to Drill a water well to the department. In due course the department issued a Drill Card and the well driller started to drill. For some reason the driller abandoned that well. They submitted a new NOI direct to the department bypassing EU and submitted to the department the same plot plan EU approved on July 14, 2006 to get another Drill Card. When the Drill Card was issued the well driller drilled the 2nd well in a location that was not reviewed or approved by EU and in violation of the Yavapai County Water Well Code.

The Yavapai County Water Well Code does not have provisions for rectifying a violation. The well has been drilled. In order to rectify this violation it seems reasonable to require the applicant to submit a plot plan that meets the requirements of the Code along with the applicable review fee. The EU will review the submittal and approve the location in accordance with the Code.